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PSC DENIES APPROVAL FOR TYRONE-FRANKFORT POWER LINE *Kentucky Utilities should have considered other routes, Commission says*

FRANKFORT, Ky. (Sept. 8, 2005) – While recognizing that additional transmission capacity is needed, the Kentucky Public Service Commission (PSC) has declined to authorize Kentucky Utilities Co. (KU) to construct an electric transmission line along its proposed route in Woodford, Anderson and Franklin counties.

In an order issued today, the PSC said that KU had demonstrated the line would be required to transmit power from the proposed expansion of the Trimble County power plant, which would serve both the KU and Louisville Gas & Electric Co. systems.

But the PSC concluded that KU should have more carefully analyzed other routes for the proposed line.

“The Commission lacks sufficient information to determine if the proposed transmission line would result in a wasteful duplication of facilities,” the PSC said. “Specifically, the Commission finds that KU failed to adequately consider the use of existing rights-of-way and transmission lines and corridors.”

KU is proposing to construct 12.4 miles of 138-kilovolt line that would connect a substation in west Frankfort in Franklin County to the Tyrone substation in Woodford County.

A review of KU's application determined that the need for additional transmission lines in the area might be met using alternative routes that would not require new rights-of-way. KU testified that using such an alternative route would increase the cost of the line by nearly \$2 million, an increase that would have no impact on customer bills.

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The PSC admonished KU for not addressing issues and questions raised by landowners and others at the public hearing on the power line proposal. KU testified it would address those complaints only after the PSC had approved the proposed power line.

Such an approach “has the potential to disregard the legislative directive to conduct meaningful local hearings,” the PSC said. Applicants are expected to make “a good faith effort” to address issues raised during the local hearings, the Commission said.

“The Commission is disappointed in the approach the Company took and gives KU and all other similar applicants notice that we expect a different response in future cases,” the PSC said.

Noting that it now has rejected three of the last four transmission line applications to come before it, the PSC emphasized that “these decisions should not be misinterpreted as indicating a reluctance by the Commission to approve the construction of new transmission lines.” On the contrary, the PSC said it “fully understands the need for a robust transmission infrastructure.”

Rather, the decisions reflect the changes required under a state law passed last year that, for the first time, specifically required PSC approval of major electric transmission lines. Thus, “for a short but sometimes painful transitional period,” there may be misunderstandings, the PSC said.

The recent cases represent the first opportunity the Commission has had to explain how the new law will be applied, the PSC said.

“In the short term this transition may result in minor delays in the construction of lines,” the PSC said. “In the long term the Commonwealth and its citizens will benefit from the sharing of utility easements, whenever possible.”

Today’s order and other documents in the case are available on the PSC Web site, psc.ky.gov. The case number is 2005-000154.

The PSC is an agency within the Environmental and Public Protection Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky and has approximately 110 employees.